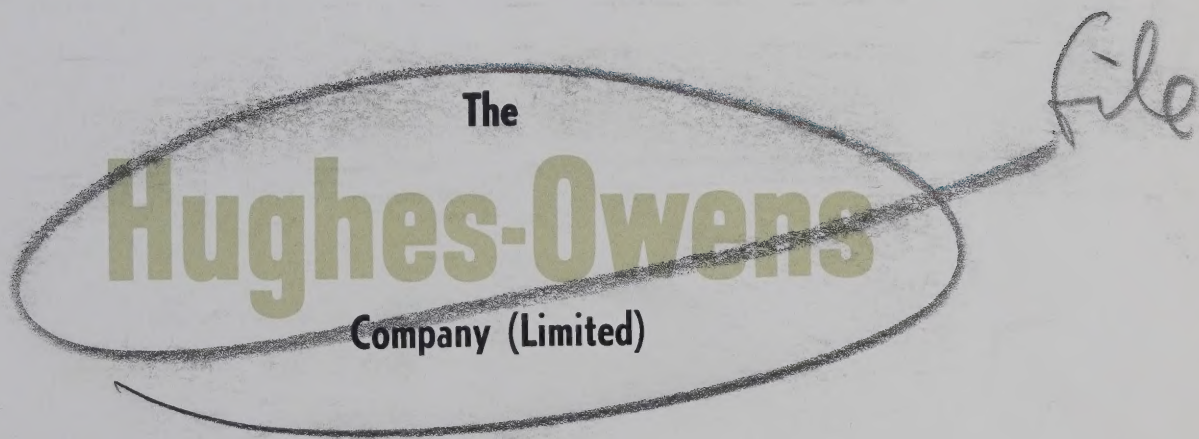


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Annual Report 1963

THE

Hughes-Owens

COMPANY (LIMITED)

OFFICERS

JAMES M. DOWIE
President

DAVID F. D. LENNOX
Executive Vice-President

A. J. TEMPERTON
Vice-President

E. JACOBSON
Vice-President

F. H. HILLMAN
Vice-President

A. J. SULLIVAN
Secretary

E. P. HOPPER, C.A.
Treasurer

G. A. SCRIMGEOUR
Comptroller

DIRECTORS

JAMES M. DOWIE

DAVID F. D. LENNOX

G. A. SCRIMGEOUR

E. JACOBSON

A. J. TEMPERTON

F. H. HILLMAN

W. R. INGHAM

A. E. BARRON
Executive, Toronto

TO THE SHAREHOLDERS OF THE

Hughes-Owens

COMPANY (LIMITED)

On behalf of the Board of Directors, I have pleasure in submitting for your consideration the Annual Report of the Company for the year ended 31st December 1963, including the Consolidated Balance Sheet, Consolidated Statements of Profit and Loss and Earned Surplus, together with the report of your Auditors, Winspear, Higgins, Stevenson and Doane, Chartered Accountants.

Consolidated Gross Earnings for the year amounted to \$291,439. From this has been deducted \$70,900. which represents provision for depreciation on buildings and equipment, \$27,939. for debenture and mortgage interest and \$77,976. for Income Taxes. The Net Profit transferred to Earned Surplus then, amounted to \$114,624.

During 1963 the Company redeemed \$46,000. of 5½% Sinking Fund Debentures Series "A" and \$15,000. of 4½% Sinking Fund Debentures Series "B" bringing the total redeemed and cancelled of both series to \$570,000. The outstanding balance of Series "A" and Series "B" Debentures was at 31st December, 1963, \$430,000. which will be further reduced by redemptions in 1964 through the operation of the Annual Sinking Fund.



Schedule of Comparative Earning Rates:

	1963	1962	1961	1960
Net Earnings (prior to Depreciation, Debenture and Mortgage Interest and Income Taxes) will cover maximum debenture interest — times	13.3	15.9	10.3	9.8
Net Earnings per Preference Share outstanding	\$9.49	12.83	7.30	7.75
Net Earnings will cover Preference dividends — times	5.9	8.0	4.6	4.8
Earnings per Class "A" Common Share outstanding	\$1.91	2.72	1.69	1.84
Net Earnings available, will cover Class "A" Common Share Preferential 80¢ dividend — times	2.4	3.4	2.1	2.3
Earnings per Class "B" Common Share outstanding	\$0.55	0.96	0.44	0.52



With the withdrawal from the photographic and highly specialized optical merchandising fields, we have given greater emphasis to the engineering and drawing supply lines which have always constituted the largest part of our enterprise. Notwithstanding this and the reorganization of physical facilities, 1963 operating costs decreased by 5%. We were pleased with the improvement in sales of engineering, reproduction, and artist supplies which largely replaced the loss of optical and photographic sales which constituted 14% of the total in 1962. Narrower margins, however, in the more highly competitive of Canadian markets worked to decrease net profits.

In October, 1963 our Head Office along with the Montreal Branch office was moved to new quarters at 8500 Decarie Blvd., Town of Mount Royal, Quebec. This property, purchased as part of the \$445,337. expended in 1963 to expand facilities and modernize plant and equipment across Canada, now provides 25000 square feet of floor space for office and warehouse. As a result there was a decrease in current working Capital reflected by a decrease in Current Ratio from 2.8:1 to 2.5:1 and Quick Current Ratio from 1:1 to 0.8:1.

There were a number of organizational changes in 1963. Mr. D. F. D. Lennox, Vice-President since 1952 was elected Executive Vice-President and Mr. A. J. Temperton, Supervisor of Branch Operations, was elected Vice-President, (Merchandising). Mr. E. Jacobson of Winnipeg was elected Western Canada Vice-President, and Mr. F. H. Hillman of Ottawa was elected a Vice-President. Mr. P. A. Breen was appointed Manager of the Montreal Branch. Mr. W. R. Ingham, Manager of the Toronto Branch, returned to Montreal to take up the supervision of the Product Research Office. Mr. A. L. W. Watt, Manager of the Edmonton Branch of the Company's operation, was appointed to fill the vacancy in Toronto and Mr. J. A. Smith was named Manager of the Edmonton Branch. Mr. W. G. Smith of Winnipeg will assume the duties of Manager of the Hamilton Branch in March of this year.

With the addition of hydrologic instruments and accessories and new office copying media to our lines, coupled with a more effective administrative, merchandise control and warehousing organization, we are optimistic that 1964 will show an increase in sales volume accompanied by increased net profits.

In closing I would like on behalf of the Board of Directors to express sincere appreciation to the employees of the Company for their continued loyalty, interest and support.

Submitted on behalf of the Board of Directors.

J. M. DOWIE,
President.

Montreal, February 28, 1964



1963

EXECUTIVE APPOINTMENTS

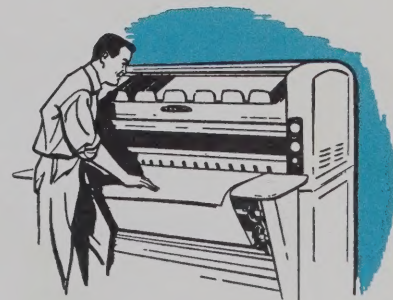
- D. F. D. LENNOX** — **ELECTED EXECUTIVE VICE-PRESIDENT.**
Mr. Lennox at Head Office in Montreal was elected Director and Vice-President in 1952.
- A. J. TEMPERTON** — **ELECTED VICE-PRESIDENT, MERCHANDISING.**
Mr. Temperton at Head Office in Montreal was elected to the Board of Directors in 1955, and was formerly Manager of our Branches in both Halifax and Toronto.
- E. JACOBSON** — **ELECTED VICE-PRESIDENT, WESTERN CANADA.**
Mr. Jacobson of Winnipeg, Supervisor of all Western Branches, was elected to the Board of Directors in 1954.
- F. H. HILLMAN** — **ELECTED VICE-PRESIDENT.**
Mr. Hillman of Ottawa was elected to the Board of Directors in 1955, and was formerly Manager of the Vancouver Branch.
- W. R. INGHAM** — **APPOINTED SUPERVISOR, PRODUCT RESEARCH.**
Mr. Ingham at Head Office in Montreal, was elected to the Board of Directors in 1959, and was formerly Manager of our Branches in Halifax, Montreal, and Toronto.



1963

MANAGEMENT CHANGES

- P. A. BREEN** — **APPOINTED MANAGER OF THE MONTREAL BRANCH.**
Mr. Breen joined the Company in 1930 and was appointed Sales Manager of the Branch in 1956.
- A. L. W. WATT** — **APPOINTED MANAGER OF TORONTO BRANCH.**
Mr. Watt joined the Company in 1949 in Winnipeg and was transferred to the Edmonton Branch as Manager in 1954.
- J. A. SMITH** — **APPOINTED MANAGER OF THE EDMONTON BRANCH.**
Mr. Smith joined the Company in 1954 and was appointed Assistant Manager of the Branch in 1962.
- W. G. SMITH** — **APPOINTED MANAGER OF HAMILTON BRANCH.**
Mr. Smith joined the Company in 1949 in Winnipeg and was appointed Assistant Manager of that Branch in 1962.



Consolidated Balance Sheet

AS AT 31st DECEMBER, 1963

(WITH COMPARATIVE FIGURES FOR THE PREVIOUS YEAR)

ASSETS

THE Hughes

CURRENT ASSETS	1963	1962
Cash	\$ 29,794	\$ 64,964
Accounts Receivable	898,600	1,032,948
Income Taxes Recoverable	5,641	
Inventories of Merchandise (valued at the lower of cost or market)	2,109,180	2,054,366
	<u>3,043,215</u>	<u>3,152,278</u>
 SINKING FUND DEPOSIT FOR REDEMPTION OF DEBENTURES	 2,031	 2,973
 MORTGAGE RECEIVABLE	 19,070	 20,402
 DEPOSIT IN RESPECT OF OFFER TO PURCHASE LAND AND BUILDINGS		16,620
 FIXED ASSETS (at cost)		
Land	139,572	108,871
Buildings \$ 866,331		522,785
Plant, Furniture and Fixtures 804,337		753,160
Automobiles and Trucks 22,437		22,248
	<u>1,693,105</u>	<u>1,298,193</u>
Less Accumulated Depreciation 835,469		780,331
	<u>857,636</u>	<u>517,862</u>
	<u>997,208</u>	<u>626,733</u>
 DEFERRED CHARGES	 11,354	 19,274
 GOODWILL ARISING FROM CONSOLIDATION	 4,422	 4,422
	<u>\$4,077,300</u>	<u>\$3,842,702</u>

Signed on behalf of the Board:

J. M. DOWIE }
D. F. D. LENNOX } Directors

Wens COMPANY (LIMITED)

AND ITS WHOLLY-OWNED SUBSIDIARY COMPANY

LIABILITIES

CURRENT LIABILITIES	1963	1962
Bank Loan	\$ 550,000	\$ 450,000
Accounts Payable and Outstanding Cheques	578,491	484,318
Accrued Debenture Interest	4,254	4,901
Dividends Payable due 15th January	24,820	24,820
Debenture Sinking Fund Requirements due within One Year	60,000	61,000
Mortgage Principal due within One Year	6,564	
Income Taxes Payable		104,577
	<u>1,224,129</u>	<u>1,129,616</u>
DEFERRED AND CONTINGENT LIABILITY FOR EMPLOYEE SAVINGS PLAN	33,396	
FUNDED DEBT		
Authorized Debentures	<u>\$1,000,000</u>	
Issued:		
5½% Sinking Fund Debentures Series "A"		
maturing 15th April, 1968	\$ 700,000	700,000
Less Redeemed and cancelled to date	450,000	404,000
	<u>250,000</u>	<u>296,000</u>
4½% Sinking Fund Debentures Series "B"		
maturing 1st November, 1975	300,000	300,000
Less Redeemed and cancelled to date	120,000	105,000
	<u>180,000</u>	<u>195,000</u>
	430,000	491,000
Less Sinking Fund Requirements due within One Year	60,000	61,000
	<u>370,000</u>	<u>430,000</u>
7% MORTGAGE — due 15th July, 1968, less amount due within one year	152,828	
RESERVE FOR FOREIGN CURRENCY		2,000

SHAREHOLDERS' EQUITY

CAPITAL STOCK		
Preference Shares — 6.4% Cumulative Redeemable Sinking Fund — Par Value of \$25.00 each		
Authorized — 32,000 Shares	<u>\$ 800,000</u>	
Issued — 20,000 Shares	500,000	500,000
Less Redeemed for cancellation — 7,923 Shares	198,075	198,075
	<u>301,925</u>	<u>301,925</u>
Class "A" Common Shares — Cumulative Preferential 80¢ Dividend Convertible — No Par Value		
Class "B" Common Shares — No Par Value		
Authorized — 50,000 Class "A" Shares — 150,000 Class "B" Shares		
Issued and Outstanding — 49,900 Class "A" Shares } — 100,100 Class "B" Shares }	35,375	35,375
	<u>337,300</u>	<u>337,300</u>
EARNED SURPLUS (per attached Statement)	1,959,647	1,943,786
	<u>\$4,077,300</u>	<u>\$3,842,702</u>

This is the balance sheet referred to in our report attached hereto.

MONTREAL, 28th FEBRUARY, 1964.

WINSPEAR, HIGGINS, STEVENSON AND DOANE
Chartered Accountants

THE

Hughes-Owens

COMPANY (LIMITED)

AND ITS WHOLLY-OWNED SUBSIDIARY COMPANY

Consolidated Statement of Profit and Loss

FOR THE YEAR ENDED 31st DECEMBER, 1963

	<u>1963</u>	<u>1962</u>
Net Earnings before provision for the Undernoted Items (see Note)	\$291,439	\$398,456
<i>Deduct</i>		
Depreciation	\$70,900	64,665
Debenture and Mortgage Interest	27,939	26,421
Provision for Income Taxes	77,976	152,460
	<u>176,815</u>	<u>152,460</u>
Net Profit for the Year	<u>\$114,624</u>	<u>\$154,910</u>

NOTE: After deduction of remuneration to Executive Officers and salaried Directors of \$124,220. and legal fees of \$2,478. Legal fees of \$2,561. have been included in the cost of Land and Buildings.

Consolidated Statement of Earned Surplus

FOR THE YEAR ENDED 31st DECEMBER, 1963

Balance at 1st January, 1963		\$1,943,786
<i>Add</i>		
Net Profit for the Year	\$114,624	
Net Discount on Redemption of Debentures	520	115,144
		<u>2,058,930</u>
<i>Deduct</i>		
<i>Dividends</i>		
Preference Shares	19,323	
Class "A" Common Shares	39,920	
Class "B" Common Shares	40,040	99,283
		<u>99,283</u>
Balance at 31st December, 1963 (of which \$198,075 is restricted in accordance with the provisions of Section 61 of the Companies Act (Canada) 1934)		<u>\$1,959,647</u>

Auditors' Report

TO THE SHAREHOLDERS

THE HUGHES-OWENS COMPANY (LIMITED)

We have examined the Consolidated Balance Sheet of The Hughes-Owens Company (Limited) and its wholly-owned Subsidiary Company as at 31st December, 1963 and the Consolidated Statements of Profit and Loss and Earned Surplus for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying Consolidated Balance Sheet and Consolidated Statements of Profit and Loss and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of affairs of the companies as at 31st December, 1963 and the results of the operations for the year then ended, according to the best of our information and the explanations given to us and as shown by the books of the companies, which were maintained in conformity with generally accepted accounting principles applied on a basis consistent with that of the prior year.

WINSPEAR, HIGGINS, STEVENSON AND DOANE

Chartered Accountants

28th February, 1964

BANKERS

The Toronto-Dominion Bank

REGISTRARS AND TRANSFER AGENTS

The Canada Permanent Trust Company
Toronto, Ont.

LEGAL ADVISORS

Chisholm, Smith, Davis, Anglin, Laing, Weldon and Courtois
Montreal, P.Q.

THE
Hughes-Owens
COMPANY (LIMITED)

EXECUTIVE OFFICES OF THE COMPANY

8500 Decarie Boulevard, Montreal, P.Q.

BRANCHES

HALIFAX

165 Hollis Street
S. CARVER, *Manager*

MONTREAL

8500 Decarie Blvd.
1440 McGill College Ave.
P. A. BREEN, *Manager*

OTTAWA

527 Sussex Drive
F. H. HILLMAN, *Manager*

HAMILTON

41 King William Street
W. G. SMITH, *Manager*

TORONTO

124 Bermondsey Road
470 Yonge Street
A. L. W. WATT, *Manager*

WINNIPEG

464 Hargrave Street
E. JACOBSON, *Manager*

EDMONTON

10326 - 101st Street
J. A. SMITH, *Manager*

CALGARY

601 - 8th Avenue S.W.
R. H. BULL, *Manager*

VANCOUVER

569 Richards Street
J. C. BEGGS, *Manager*

SALES OFFICES

QUEBEC

1439 Chemin Ste. Foy

REGINA

1818 Scarth Street

MANUFACTURING DIVISIONS

EASTERN

6340 Upper Lachine Road, Montreal, P.Q.

WESTERN

464 Hargrave Street, Winnipeg, Man.

INSTRUMENT REPAIR DIVISION

403 Laurier Ave., West, Ottawa, Ont.

WELL LOG DIVISION

516 - 9th Ave., S.W. Calgary, Alta.

NEW HEADQUARTERS...

for 11 branches across Canada...



EXECUTIVE OFFICES, 8500 DECARIE BLVD., MONTREAL, P.Q.

Canadian owned and operated Hughes-Owens keeps pace with Canada's industrial expansion. The new premises in Montreal will provide central warehousing space for supplies to the architect, engineer, surveyor and artist, serving all branches across Canada.

"Ozalid" white print paper manufacturing plants are located in Montreal and Winnipeg.

THE

Hughes-Owens

COMPANY (LIMITED)

HALIFAX • MONTREAL • QUEBEC • OTTAWA • TORONTO • HAMILTON • WINNIPEG • EDMONTON • REGINA • CALGARY • VANCOUVER

